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NEW FINANCIAL FIRMS OPENED 1ST HALF '86 – P.8

American Banker

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VOL. CLII NO. 15 Thursday, January 22, 1987

TODAY

COMPTROLLER OF THE CURRENCY Robert L. Clarke praises nonbank banks as a "rational market response" to the legal restrictions that have been placed on the banking industry... 2

PRUDENTIAL-BACHE SECURITIES chairman George L. Ball urges that the holes be plugged in the Glass-Steagall wall, saying banks should be kept away from securities, insurance, and other financial service businesses... 2

FEDERAL HOME LOAN Bank Board Chairman Edwin J. Gray asks Congress to give his agency statutory authority to collect exit fees from healthy institutions that leave the Federal Savings and Loan Insurance Corp... 2

TREASURY UNDER SECRETARY George D. Gould warns senators that Federal Savings and Loan Insurance Corp. reserves could fall to less than $2 billion by next month...2

FDIC CHAIRMAN L. William Seidman tells senators that without the authority to arrange emergency interstate mergers, the insurer could lose money this year as a result of a "sizable increase in bank failures."... 2

CENTERRE BANK in St. Louis has made a special $11 million provision in the fourth quarter to cover any losses in its Latin American loan portfolio. The move follows similar actions by other regional banks 3

DEPRESSED ECONOMIES in energy-dependent western states and changes in the tax law left First Interstate Bancorp's earnings flat in the fourth quarter compared with the comparable period in 1985..... 3

THE JAPANESE DID IT with steel, automobiles, and electronics. Now, say Boston management consultants Don Hawley and Stuart Sinclair, they're moving into the financial markets with truckloads of low-cost capital, and their competition is getting worried... 4

Required Reading

THE MAYFLOWER GROUP, a coalition of major financial institutions whose aim is to break down the legal barriers between banking and other financial services, releases the text of its statement of principles... 4

IN A SURPRISING TURN of events, the former management and majority shareholders of the Independent American Savings Association in Irving, Tex., have voted themselves back into control of the troubled thrift. In doing so, they literally kicked out the management team that had taken over last spring with the blessing of the Federal Home Loan Bank of Dallas... 16

Executive Changes... 11

Flashbacks... 4

In the News... 3

Give Banks New Powers, Volcker Asks Congress

Fed Is Ready to Act on Pressing Issues If They Do Not, He Warns Lawmakers

By ROBERT M. GARSSON and JAY ROSENSTEIN

Washington Bureau

WASHINGTON — Warning that the central bank is ready to act if Congress does not, Federal Reserve Board Chairman Paul A. Volcker again asked Congress to permit banks to underwrite mortgage-backed securities, municipal revenue bonds, commercial paper, and mutual funds.

"The four powers I mentioned are on the table at the Federal Reserve Board," said Mr. Volcker on Wednesday, alluding to a Feb. 3 hearing scheduled to consider applications from three banks to engage in underwriting.

"You cannot evade that," he added.

Mr. Volcker was making his first appearance of the year before Congress, as the Senate Banking Committee opened three days of hearings on financial industry issues. Across Capitol Hill, the House Banking Committee also opened hearings on a bill to recapitalize the Federal Savings and Loan Insurance Corp.

The Senate panel is studying that bill, as well as bills to grant banks limited securities underwriting powers, to close the nonbank-bank loophole, to permit regulators to merge failing institutions across state lines, and to limit check holds.

Attempting to highlight the importance of the so-called regulators' bill, which would permit interstate mergers of failing banks, the chairman of the Federal Deposit Insurance Corp. warned that the insurance fund could lose money this year as a result of an expected "sizable increase in bank failures." In 1986, 138 FDIC-insured banks were closed.

It would be the first loss in the FDIC's history, said L. William Seidman, the agency's chairman, after his testimony be-

Volcker: Page 14 ➳

• Comptroller of the Currency Robert L. Clarke defended nonbank banks before the Senate Banking Committee... 2
• The head of Prudential-Bache Securities predicted stiff competition between banks and the securities industry.. 2
• Treasury official George D. Gould told a Senate panel recapitalization of the FSLIC is "necessary by early spring"2
• Bank Board chief Edwin Gray sought permission to collect exit fees from healthy thrifts that leave the FSLIC 2
• FDIC Chairman L. William Seidman again appealed for authority to arrange interstate mergers of failing banks 2

Fewer Commercial Banks Opened for Business in 1986

By KENNETH J. HICKS

NEW YORK — The number of commercial banks that opened last year plummeted by 22% from 1985, according to an *American Banker* survey.

Complete figures were not available from regulatory agencies, but the survey estimated that 217 banks opened last year, compared with 280 in 1985. That is the lowest number since 1980, when 205 banks opened their doors.

Today the *American Banker* publishes a table listing financial institutions, including thrifts and credit unions, that opened in the first half of 1986. The table begins on page 8. A listing for the second half of last year will be published on July 10.

Complete data on the number of thrifts that opened last year was not yet available, but according to the Federal Home Loan Bank Board, 15 federally chartered thrifts opened in 1986, down from 29. In 1985, almost 400 financial institutions overall opened for business.

After rising steadily through the 1980s, the number of bank openings declined in 1985 after the Comptroller of the Currency adopted a policy requiring that proposed banks have a chief executive officer in place before an application can be approved.

The Comptroller's office maintains that the policy helps it judge a bank's chances of success, noting that management is "a critical component of the charter application."

But opponents contend that the change makes it more difficult to organize a bank, because few CEO candidates are willing to commit themselves to an uncertain venture.

Another reason for the slowdown in

New Banks: Page 6 ➳

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New York Charters Of Financial Firms Set Record in 1986

By JAMES R. KRAUS

NEW YORK — The number of charters granted to financial institutions by the New York State Banking Board in 1986 topped the previous year's record, and signs show that the number in 1987 will continue at the same level.

The surge in new banks has been spurred by a liberalization of state banking laws and by the spread of financial institutions owned by minorities and members of various ethnic groups.

"We haven't had these kinds of numbers in decades," said one banking board official.

Based on the number of applications now being discussed and likely to be submitted, he predicted that a large number of charters is likely to be granted in 1987, continuing a trend that began in 1985.

A total of 25 banks and other financial institutions were chartered by the

New York: Page 16 ➳

Last Year's Crop of New Banks Was Smallest in 6 Years

➳ Continued from Page 1

bank openings is market saturation. A Phoenix-based consulting firm pointed out that the Phoenix-Tucson, Ariz., area is already saturated with financial institutions. Two commercial banks opened their doors in Arizona in the first half of 1986 following the opening there of three commercial banks and one savings and loan in the second half of 1985.

"It's harder for an independent bank to compete unless it is a community bank," geared to serving a specific community or market segment, a spokesman for the firm said.

For instance, in New York State, 25 financial firms were chartered by the state banking department in 1986. While the number was up from 23 in 1985, six of the banks were set up specifically to serve ethnic communities.

In addition, DeltaBank, New York, which opened on March 17, describes itself as a "client-oriented" bank. "This means we're structured as a 'relationship bank' serving selected clientele . . . who desire personal service and attention."

The bank, founded by "prominent Latin American businessmen and international bankers," advertises "innovative yet prudent banking approaches" and offers a variety of financial services, including lines of credit, brokerage, asset management, and corollary services, such as courier services and international investment advice.

Peoples National Bank in Easley, S.C., opened on Aug. 7, 1986, in a town of 18,000, "in competition with six other financial institutions," said Robert E. Dye, the bank's president.

Since opening with $3.5 million of initial capital, the bank has attracted $13 million in deposits and $8 million in loans. Mr. Dye believes this is primarily due to consumers' desire for the flexibility and responsiveness of a community bank.

"They will go to the banker they know," Mr. Dye said.

While negative economies in the farm states may contribute to a slowdown in new bank openings there, a survey by the Federal Reserve Bank of Kansas City pointed out that most new banks open in metropolitan areas.

In its 1986 annual statistical supplement, the reserve bank noted that of the 552 banks that have opened in the 10th District since 1970, 60% were in metropolitan areas.

Further, the study said, "By their sixth year of operation, most de novo banks concentrate either on consumer lending (40%) or commercial and industrial lending (37%). Only 18% concentrate on real estate lending, while a mere 5% concentrate in agricultural lending."

The South and Southeast continued to be areas of expansion for new financial institutions, with Florida leading the way. Forty-one new financial firms opened in the South, 17 of them in Florida. Among the new institutions in Florida are Brown Brothers Harriman Trust Company of Florida, Naples, and Chase Bank of Florida NA, St. Petersburg, subsidiaries of two well-established New York banking companies.

The south Florida and Atlanta markets have been identified as prime growth areas into the 1990s.

Despite the slowdown, officers of new banking companies say they believe there may be a retrenching at the community level because of the desire for more personalized service.

Mr. Dye commented, "I feel that the response to our new community bank is very similar to the response occurring for other newly organized banks . . . and continues to flag a great deal of preference on the part of the consumer for the smaller, more personal, community-type bank." ■

New Financial Firm Listing Drawn from Variety of Sources

The *American Banker* listing of new financial institutions was compiled from several sources.

The commercial bank listings were drawn from data supplied by the Comptroller of the Currency, the Federal Reserve Board, state banking departments, and individual new banks.

The thrift listings were compiled from data supplied by the Federal Home Loan Banks, state savings and loan departments, and individual new thrifts.

The credit union listings were compiled from data published by the National Credit Union Administration.

The institutions are listed by name and city. The second line of the listing has the mailing address, followed by the zip code. The third line has the name of the president of the institution, followed by the telephone number.

The *American Banker* will continue to publish listings of new financial institutions periodically. While every effort is made to compile as complete a list as possible from the sources listed above, some institutions may be missed.

Any institution that wishes to be included in future listings should send the following information to the *American Banker*: name of the institution, mailing address, phone number, the date opened, initial capitalization, and the name of the president.

The information should be sent to Kenneth J. Hicks, Statistician/Reporter, *American Banker*, One State Street Plaza, New York, N.Y. 10004.

Strategic Dates
Jan. 1, 1987

IN THE BIG LEAGUES: Effective today, small-sized mortgage lenders will be able to sell their contracts to institutional investors by batching, or pooling mortgages together in minimum amounts of $250,000. Initially, only 30-year conventional mortgages not more than 12 months old will be eligible. The new Federal National Mortgage Association marketing tactic will open up the market to smaller mortgage banking firms. Currently, most mortgage pools now offered for sale are in the $1 million range.

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NEW FINANCIAL INSTITUTIONS

Financial Institutions That Opened in the First Half of 1986

ALABAMA	Date Opened	Initial Capital
Bank of Mobile NA, Mobile 68 St. Francis Street, 36652 Robert J. Blackwell, president, (205) 431-7800	Mar. 20	$9,500,000

ALASAKA	Date Opened	Initial Capital
Denali State Bank, Fairbanks P.O. Box 74568, 99707 Gary Roth, president, (907) 456-1400	Feb. 3	$5,000,000

ARIZONA	Date Opened	Initial Capital
Gateway National Bank, Phoenix 120 North 44th Street, 85034 Raymond Hixon, president, (602) 220-0020	May 19	$2,000,000
Sun City Bank, Sun City 10032 West Bell Road, 85351 Charles D. Rogness, president, (602) 972-2111	Mar. 3	$2,000,000

CALIFORNIA	Date Opened	Initial Capital
University Savings & Loan Association, Fresno 1041 East Shaw Avenue, 93710 Thomas Bernard, president, (209) 224-1810	Jan. 31	$3,000,000
Southern California Service Station Assn. FCU, Irvine 16750 Hale Avenue, 92714 Douglas Bennet, principal officer, (714) 770-2576	June 19	N.A.
California Central Bank, Los Angeles 222 West Olympic Boulevard Carl R. Tinder, president, (213) 387-3033	Mar. 18	$4,009,420
Statewide Thrift & Loan, Redwood City 2317 Broadway, 94063 Jerry D. Williamson, president, (415) 367-6910	May 1	$1,250,000
Torrance Savings & Loan Association, Torrance 22759 Hawthorne Boulevard, 90505 Michael E. Richardson, president, (213) 373-8645	Feb. 12	$3,000,000

COLORADO	Date Opened	Initial Capital
Breckenridge FirstBank NA, Breckenridge 130 Ski Hill Road, 80424 Dwight A. George, president, (303) 453-1000	Jan. 6	$1,000,000
National Bank of the West, Colorado Springs Box 17480, 80935 George W. Duncan, Jr., president, (303) 597-3200	Apr. 1	$1,000,000
FirstBank of Cherry Creek NA, Denver 100 Street Paul Street, 80206 Jeffrey L. Browning, president, (303) 333-1000	Apr. 11	$1,000,000
Park National Bank, Estes Park P.O. Box 2560 (303) 586-8185	June 20	$1,000,000
FirstBank at 88th/Wadsworth, Westminster Box 307, 80020 C. Hereford Percy, president, (303) 467-1000	Mar. 27	$1,000,000
United Bank of Westminster, Westminster 12000 Pecos Street, 80234 Kenneth Zelie, president, (303) 451-1655	Feb. 3	$1,500,000

CONNECTICUT	Date Opened	Initial Capital
Shoreline Bank & Trust Co., Madison 28 Durnham Rd., 06443 E. Robert Fraser, president, (203) 245-4878	May 19	$4,000,000
Bank of Southington, Southington 130 North Main Street, 06409 Peter Stassa, president, (203) 276-0155	June 16	$4,126,000

DELAWARE	Date Opened	Initial Capital
Manufacturers Bank-Wilmington, Newark P.O. Box 15147, 19850 Patrick M. McQueen, president, (302) 366-8478	Mar. 12	$3,000,000

DISTRICT OF COLUMBIA	Date Opened	Initial Capital
Mt. Jezereel Federal Credit Union, D.C. 405 Riggs Road, NE, 20011-2515 Anna J. Stubbs, principal officer, (202) 544-3994	Apr. 10	N.A.

FLORIDA	Date Opened	Initial Capital
Boca Raton First National Bank, Boca Raton 7301A West Palmetto Park Road, 33433 Arnold M. Leibowitz, president, (305) 394-9004	Apr. 21	$4,025,000
Pointe Savings & Loan Association, Boca Raton Drawer 273910, 33427-3910 William J. Bennett, president, (305) 368-6300	Apr. 7	$3,864,516
First American Bank of Charlotte County, Englewood Box 1427, 34295-1427 R. Thomas Crawford, president, (813) 474-7734	Jan. 21	$3,750,000
National Bank of Lee County, Ft. Myers Box 2425, 33902 John C. Dinkel, president, (813) 332-1899	Apr. 7	$3,000,000
Barnett Bank of Santa Rosa County, Gulf Breeze P.O. Drawer 1409, 32561 C.C. Mertins, Jr., president, (904) 932-9855	Feb. 11	$2,000,000
First National Bank of Hollywood, Hollywood 3904 Hollywood Boulevard, 33021 A. Dean Castillo, president, (305) 987-1300	Apr. 8	$3,450,000
Community National Bank, Lake City 201 North Marion Street, 32055 K. C. Trowell, president, (904) 755-3240	Apr. 4	$2,000,000
Pinellas Community Bank, Largo 300 East Bay Drive, 33540 Claude E. McGeachy, president, (813) 585-3111	Mar. 7	$3,000,000
Private Bank & Trust NA, Miami 1438 Brickell Avenue, 33131 Antonio Gisbert, president, (305) 373-4643	June 9	$2,000,000
Murdock Savings Bank, Murdock Box 250, 33938 Charles G. Brown, president, (813) 625-4444	Jan. 10	$3,524,700
Brown Brothers Harriman Trust Co. of Fla., Naples 1300 Third Street South, 33940 John C. Hanson, Jr., president, (813) 263-4133	Apr. 10	$1,000,000
Citizens National Bank of Naples, Naples 811 Anchor Rode Drive, 33940 Gary L. Tice, president, (813) 261-5522	Mar. 24	$3,204,000
Peoples National Bank of Niceville, Niceville 1020 John Sims Parkway, 32578 William H. Powell, president, (904) 678-3110	June 16	$2,000,000
Ocala National Bank, Ocala 112 North Magnolia Avenue, 32678-4050 Reed M. Dearing, president, (904) 368-6800	Feb. 7	$2,522,000
Clay County Bank, Orange Park Box 2107, 32067 G. Rodman Porter Jr., president, (904) 272-2265	May 23	$2,956,276
Chase Bank of Florida NA, St. Petersburg 111 Second Avenue NE, 33701-3907 J. Webster Hull, president, (813) 823-5880	Feb. 18	$39,100,000
Manufacturers Bank of Florida, Tampa 4002 North Armedia Avenue — Fiesta Plaza, 33677 M.G. Alvarez, Jr., president, (813) 874-1323	Feb. 3	$1,750,000

GEORGIA	Date Opened	Initial Capital
Georgia Bankers Bank, Atlanta 1100 Circle 75 Parkway, 30339 Ken F. Thigpen, president, (404) 951-2799	Feb. 3	$3,600,000
Buckhead Bank, Buckhead 3422 Piedmont Road, 30355-1016 Grant R. Essex, president, (404) 365-0101	April 1	$7,500,000
Central Savings Bank FSB, Cordele 502 2nd Street South, P.O. Box 40, 31015 Robert L. Evans, president, (912) 273-7700	Jan. 23	$2,200,000

IOWA	Date Opened	Initial Capital
American National Bank, Bedford P.O. Box 39, 50833 Mike Kleim, president, (712) 523-3611	May 2	$1,210,000

KANSAS	Date Opened	Initial Capital
Southgate Trust Co., Prairie Village 7900 State Line, 66208 Robert E. Atterberry, president, (913) 649-5200	May 9	$250,000
St. Francis State Bank & Trust Co., St. Francis 121 West Washington, 67756 Merwin L. Jensen, president, (913) 332-3333	May 16	N.A.
Bank of White City, White City P.O. Box 158, 66872 Kenneth E. Haddock, president, (913) 349-2221	Jan. 10	N.A.

LOUISIANA	Date Opened	Initial Capital
Acadia State Bank, Baton Rouge 2237 South Acadian Thruway, 70802	May 15	$5,250,000
Lousiana Delta Bank, Lake Providence P.O. Box 511, 71254 Ed Dauphin, president, (318) 559-2494	Jan. 10	2,000,000
Parish National Bank of St. Tammany, Slidell 2205 Gause Boulevard, 70458 Donald W. Olivier, president, (504) 892-2265	June 9	$4,000,000

MASSACHUSETTS	Date Opened	Initial Capital
Medical Area Federal Credit Union, Boston 221 Longwood Avenue, 02115 Anthony C. Terrizzi, principal officer, (617) 732-4185	June 12	N.A.
First Citizens Federal Credit Union, New Bedford P.O. Box H-3094, 02740 Barbara M. W. Silva, principal officer, (617) 999-1341	June 30	N.A.
Somerset Federal Credit Union, Somerset 740 County Street, 02726 Oliver C. Perry, Jr., principal officer, (617) 678-2851	Feb. 28	N.A.

MINNESOTA	Date Opened	Initial Capital
Advisory Bank & Trust Co., Minneapolis 3200 IDS Tower, 55474 Peter Lefferts, president, (612) 342-8900	June 3	$10,500,000

MISSOURI	Date Opened	Initial Capital
Mega Bank, St. Charles 1416 Harvestowne industrial Drive, 63303 Lawrence W. Dunn, president, (314) 928-4700	May 22	$1,200,000
First Exchange Bank of St. Louis, St. Louis 4339 Butler Hill Road, 63128 James A. Smith, president, (314) 487-1410	Mar. 26	$3,000,000

NEBRASKA	Date Opened	Initial Capital
Deposit Guaranty Omaha, NA, Omaha 90th St. and Dodge Rd., 68114	Jan. 6	N.A.

NEW JERSEY	Date Opened	Initial Capital
Thomson McKinnon Bank & Trust Co., East Hanover 188 Route 10, 07936	May 30	N.A.

Financial Institutions That Opened in the First Half of 1986

Daiwa Security Trust Company, Jersey City — Apr. 28 — $1,000,000
One Evertrust Plaza, 07302
Masanobu Nakamara, president, (201) 333-7300

NEW YORK

	Date Opened	Initial Capital
Great Eastern Bank, Flushing 41-74 Flushing, 11355 Wen Y. Chen, president, (718) 886-7500	May 17	$4,300,000
Bank of Great Neck, Great Neck 1010 Northern Boulevard, 11021 Peter Susser, president, (516) 466-9100	Mar. 24	$4,250,000
State Bank of Westchester, Hartsdale 247 Central Park Avenue, 10530	Aug. 15	$2,500,000
Churchill Trust Company, New York 625 Madison Avenue, 10022	N.A.	$2,000,000
Dai-Ichi Kangyo Trust Co. of New York, New York One World Trade Center, 10048	June 24	N.A.
Delta National Bank & Trust Company of New York, New York 650 5th Avenue, 31st Floor, 10019 Jacob Sitser, president, (212) 315-3131	Mar. 17	$3,500,000
Dominican Bank, New York 4186 Broadway, 10033 Geovanny Sepulveda, president, (212) 795-5104	Jan. 27	$5,000,000
Empire State Bank, New York 1250 Broadway, 10001 Sangdee Lee, president, (212) 481-9898	June 10	$4,000,000
First Fidelity Trust Company, New York 20 Broad Street, 10005 John C. Leeds, president, (212) 809-7934	Mar. 5	$2,500,000
First Interstate Trust Company of New York, New York 2 Broadway, 10004	May 5	$1,200,000
Golden City Bank, New York 45 East Broadway, 10002 Bernard L. Grayson, president, (212) 732-0200	June 30	$4,550,000
HSI Bank, New York 535 Madison Avenue, 10022	Mar. 18	$5,000,000
Mitsubishi Trust & Banking Corporation (USA), New York 520 Madison Avenue, 10022 Thomas P. Ivanyi, managing director, (212) 715-9888	Mar. 25	$20,000,000
PNC Trust Company of New York, New York 40 Broad Street, 10004 J.W. McLaughlin, president, (212) 797-2730	Mar. 3	$2,000,000
Rockefeller Trust Co., New York 30 Rockefeller Plaza, 10112	Feb. 21	$1,200,000
Sumitomo Bank of New York Trust Co., New York One World Trade Center, Suite 9651, 10048 Tokuyuki Ono, president, (212) 553-0140	Feb. 20	$1,200,000
Union Bank of Finland Ltd., New York 437 Madison Avenue, 10022	Feb. 3	N.A.

NORTH CAROLINA

	Date Opened	Initial Capital
Salem Trust Bank, Winston-Salem P.O. Box 2857, 27102 Gordon Sheeran, president, (919) 777-1400	Mar. 3	$5,500,000
First Hanover Bank, Wilmington 4170 Oleander Drive, 28403 Dale S. Caines, president, (919) 799-7009	Feb. 17	$3,000,000

OHIO

	Date Opened	Initial Capital
Commerce Exchange Bank, Beachwood P.O. Box 22779, 44122 Dell L. Duncan, president & CEO, (216) 765-0500	Mar. 3	$3,000,000

OKLAHOMA

	Date Opened	Initial Capital
Mid City Bank NA, Midwest City 2201 North Douglas Boulevard, 73141 Wayne A. Nichols, president, (405) 769-6781	Jan. 27	$2,000,000
Bankers Bank, Oklahoma City Paragon Building, Suite 420, 5801 N. Boradway, 73118 Michael F. Brennan, president, (405) 848-8877	May 28	$2,750,000

PENNSYLVNIA

	Date Opened	Initial Capital
Northwest Consumer Discount Company, Bradford 23 Congress Street, 16701 Raymond Parry, president, (814) 368-6092	Mar. 24	$200,000
Merchants Express Money Order Company, Erie 2426-30 Parade Street, 16514 Steven M. Brooder, president, (814) 833-6098	May 5	$540,000
Union Home Loan Corporation of Pa., Harrisburg c/o James H. Turner, Esq., 258 N. Street, 17101 John W. Walker, president, (301) 321-6191	Mar. 5	$400,000
W. C. M. H. Federal Credit Union, Honesdale Park and West Streets, 18431 Michael Clifford, principal officer, (717) 253-1300	Apr. 3	N.A.
Constitution Bank, Philadelphia 1608 Walnut Street, 19103 Robert Mazzei, president, (215) 545-5450	June 2	$5,000,000
Pennsylvania Trust Company, Philadelphia 1435 Walnut Street, 19102 Thomas H. Darlington, president, (215) 496-3000	June 9	$465,000
Freedom Valley Bank, West Chester 1515 West Chester Pike, 19382 William J. McCuen, president, (215) 431-3100	June 5	$4,000,000
Guaranty Trust Company, Williamsport 25 West 3rd Street, 17701 Sidney D. Furst, III, president, (717) 322-1700	Apr. 25	$1,000,000

SOUTH CAROLINA

	Date Opened	Initial Capital
Clinton Federal Credit Union, Clinton P.O. Drawer 1215, 29325 Harvey Dickert, principal officer, (803) 833-5500	June 20	N.A.
Darlington County Bank, Darlington P.O. Box 502, 29532 W. B. McCowan, III, president, (803) 395-1956	Mar. 10	$1,580,000
First Atlantic Bank, Little River P.O. Box 476, 29556 Robert E. Coffee, Jr., president, (803) 249-7993	Mar. 21	$2,050,000

SOUTH DAKOTA

	Date Opened	Initial Capital

TENNESSEE

	Date Opened	Initial Capital
First Citizens Bank of Williamson County, Franklin 131 First Avenue South,	N.A.	$3,500,000
NBC Knoxville Bank, Knoxville P.O. Box 2270, 37901 John L. McCave, president, (615) 693-6400	June 19	$2,000,000
First American Trust Co., NA, Nashville First American Center, 37237 Jim Catington, president, (615) 748-2000	Jan. 1	N.A.
First City Bank, Murfreesboro 750 South Church Street, 37130 Robert Murfuree, president, (615) 898-1111	Jan. 6	$2,700,000

TEXAS

	Date Opened	Initial Capital
Onion Creek National Bank, Austin 2110 Boca Raton Drive, 78747 John Hambrick, president, (512) 280-0001	Feb. 14	$2,000,000
First National Bank - Big Lake, Big Lake P.O. Box 6, 76932 Rick Kissko, president, (915) 884-3737	Apr. 25	$1,000,000
Lake Buchanan State Bank, Buchanan Dam Box 468, 78609 Charles S. Parker, president, (512) 793-6121	Feb. 3	$1,500,000
First National Bank of Clear Lake, Clear Lake 450 Medical Center Boulevard, Suite 100, 77598 J. Clyde Hart, president, (713) 332-3595	May 27	$3,000,000
Diocese of Corpus Christi Federal Credit Union, Corpus Christi P.O. Box 6089, 78411 Newton Mitchell, principal officer, (512) 855-1892	Apr. 22	N.A.
American Federal Savings Bank of Dallas, Dallas 750 North St. Paul, 75201 Donald R. Faraone, president, (214) 953-1311	Feb.	$3,000,000
EastPark National Bank, Dallas 5747 Samwell Boulevard, 75228 Michaux Nash, Jr., Chief Executive Officer, (214) 388-8671	May 15	$3,125,000
Park Central Bank of Dallas, Dallas Box 515529, 75251-5529 Hubert G. Aaron, president, (214) 239-7000	Apr. 7	$3,000,000
Search National Bank, Dallas 10670 North Central Expressway, 75231 Wallace E. Hinyard, president, (214) 750-0887	Mar. 12	$3,000,000
Bank of Desoto NA, Desoto Box 948, 75115 J. Pierce Monkres, president, (214) 780-7777	Jan. 27	$1,750,000
First National Bank of Ennis, Ennis 207 South Clay, 75119 (214) 875-8461	Apr. 3	$2,000,000
Citizens National Bank, Fort Worth P.O. Box 21337, 76121-1337 Raymond G. Dickerson, president, (817) 731-1444	Feb. 12	$2,875,000
First American Bank & Trust of Friendswood, Friendswood Box 1648, 77546-1648 Joe H. Harwell, president, (713) 482-5500	Feb. 3	$1,500,000
Citizens State Bank, Gorman P.O. Box 519, 76454 Greg Goode, president, (817) 734-2254	Feb. 28	N.A.
Riverside National Bank, Grand Prairie P.O. Box 619010, 75261 F. David Graeber, president, (817) 640-4700	Feb. 13	$10,000,000
City National Bank, Houston 5225 Katy Freeway, 77007 William L. Widman, president, (713) 863-8800	Mar. 17	$4,178,000
Houston Independent Bank NA, Houston 11110 Roark, 77099 Alan F. Levin, president, (713) 933-0303	Jan. 21	$3,675,000
St. John Vianney Federal Credit Union, Houston 625 Nottingham Oaks Trail, 77079 Edward P. Pita, principal officer, (713) 493-2622	Apr. 4	N.A.
Hutto State Bank, Hutto Box 249, 78634 Dale M. Alley, president, (512) 846-8181	Apr. 11	N.A.
Bank of the West, Irving Box 165869, 75016 H. Gary Blankenship, president, (214) 986-2222	Apr. 1	$2,000,000
First National Bank, Kennedale P.O. Box 1105 (817) 483-7455	June 16	N.A.
Lorena State Bank, Lorena Box 577, 76655 Jane M. Childs, president, (817) 857-4683	Jan. 9	$1,500,000
First Madisonville National Bank, Madisonville Box 637, 77864 Don S. Dean, president, (409) 348-3777	Feb. 28	$2,000,000
Market Basket Federal Credit Union, Nederland Box 1717, 77627 Phillip Smith, principal officer, (409) 727-3104	Mar. 18	N.A.
First Bank & Trust, New Boston Box 907, 75570 Brice E. Feasel, president, (214) 628-6565	May 12	$1,500,000
Rancho Viejo National Bank, Olmito P.O. Box 318, 78575 Manuel R. Gonzalez, president, (512) 350-5544	Feb. 6	$2,000,000
Commerce Bank of Plano, Plano 901 W. Parker, 75023 Martin Mitchell, president, (214) 985-8600	Feb. 10	$3,000,000
First Western National Bank, Plano Box 866427, 75086 Gary B. Alexander, president, (214) 881-7777	Mar. 3	$4,000,000
RepublicBank Preston North NA, Plano Box 869040, 75086 James G. Tonge, president, (214) 964-7575	Apr. 4	$3,000,000

Continued on Next Page

Financial Institutions That Opened in the First Half of 1986

Cattleman's National Bank, Round Mountain P.O. Box 70, 78663 A.W. Moursund, president, (512) 825-3247	June 2	$1,500,000
Allied Bank Northwest NA, San Antonio P.O. Box 100380, 78201 John R. Peloubet, president, (512) 525-9285	June 26	$2,000,000
Crown Bank NA, San Antonio Box 47510, 78265 J. Brian O'Connor, president, (512) 222-2265	Apr. 2	$4,000,000
First American Bank, San Antonio Box 16025, 78216 Don M. Cage, president, (512) 493-3500	Feb. 20	$3,000,000
Garden Ridge State Bank, San Antonio Box 47512, 78265-7512 Ted W. Cook, president, (512) 651-5030	Feb. 12	$1,500,000
Security Bank East NA, San Antonio Box 39780, 78218 Edward L. Lette, president, (512) 650-8000	Mar. 3	$2,000,000
Bank of Troy, Troy Box 427, 76579 Jerry S. Bennett, president, (817) 938-2555	Mar. 25	$1,500,000
First National Bank of Clear Lake, Webster P.O. Box 57669, 77598 J. Clyde Hart, president, (713) 332-3595	May 27	$3,000,000
First National Bank, Wichita Falls P.O. Box 94905, 76308-0905 Al Flack, president, (817) 696-3000	Jan. 29	$1,500,000
Windthorst National Bank, Windthorst P.O. Box 290, 76389 Randy Schaffner, president, (817) 423-6277	Feb. 3	$1,250,000

UTAH	Date Opened	Initial Capital
Citibank (Utah), Salt Lake City 3135 South 1300 East, 84109 Dan C. Jorgensen, president, (801) 486-3011	Jan. 27	$5,750,000

VIRGINIA	Date Opened	Initial Capital
Central Fidelity Bank NA, Richmond 8000 Franklin Farms Drive, 23229	May 1	$2,000,000
CommonWealth Bank, Richmond P.O. Box 35036, 23235 James H. Thompson, Jr., president, (804) 323-4100	Apr. 30	$3,000,000
Commerce Bank of Henrico, Richmond P.O. Box 29361, 23229 Richard C. Huffman, president, (804) 747-8999	Apr. 8	$2,256,012
Community Trust Bank, Portsmouth P.O. Box 8, 23705 Richard R. Early,.president, (804) 393-3400	Jan. 7	$2,207,400
RBR Federal Credit Union, Richmond P.O. Box 8667, 23226 Mary Fiorentio, principal officer, (804) 358-5358	Apr. 3	N.A.
National Bank of Northern Virginia, Sterling 11 Pidgeon Hill Drive, 22170 H. E. McCarty, Jr., president, (703) 450-6400	Nov. 19	$4,000,000

WEST VIRGINIA	Date Opened	Initial Capital
Huntington C&O Railway Employees FCU, Huntington P.O. Box 4127, 25729 A. V. Harshbarger, principal officer, (304) 522-7998	Feb. 2	N.A.

This announcement is neither an offer to sell nor a solicitation of an offer to buy these securities. The offer is made only by the Prospectus and the related Prospectus Supplement.

$600,000,000

Santa Barbara Funding II, Inc.

an affiliate of Financial Corporation of Santa Barbara

Collateralized Mortgage Obligations, Series A with Floating Interest Rate Short Tranche Securities℠

Bond Class	Original Principal Amount	Interest Rate	Stated Maturity	Price to Public
Class A-1...	$337,450,000	LIBOR + 0.65%*	March 20, 2018	99.75000%
Class A-2...	82,375,000	5.00	March 20, 2009	95.00000
Class A-3...	51,100,000	5.00	December 20, 2012	86.75000
Class A-4...	86,475,000	5.00	December 20, 2016	75.65625
Class A-5...	42,600,000	5.00	March 20, 2018	62.40900

*Subject to a maximum Interest Rate of 13.00% per annum.

The Bonds are collateralized by FHLMC Certificates. The Bonds bear interest at the per annum rates specified above for each Class of Bonds, payable quarterly on March 20, June 20, September 20 and December 20, commencing June 20, 1987. The principal payable on the Bonds on each Payment Date will be applied as follows: (i) 56.24167% thereof will be applied to the Class A-1 Bonds and (ii) 43.75833% thereof will be applied to the Bonds of Classes A-2 through A-5 in the order of their respective Stated Maturities until each such Class is paid in full.

The Bonds represent obligations of the Issuer which will have no significant assets other than those securing the Bonds. The Bonds are not insured or guaranteed by FHLMC, the United States Government or any other government agency or instrumentality, by Santa Barbara Savings and Loan Association or any other affiliates of the Issuer.

Copies of the Prospectus and the related Prospectus Supplement may be obtained in any State only from the undersigned as may lawfully offer the securities in such State.

Shearson Lehman Brothers Inc.

January 21, 1987